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ABSTRACT

Economic education can help elementary and secondary school students understand the dynamics of the American free enterprise system and the relationships among consumer, producer, and government. The economic education curriculum will help students most if it is structured as an upward spiral in which basic economic concepts are built upon and expanded at each grade level. Elements of modern learning theories which are particularly applicable to the economic education curriculum include reinforcement, meaningful internal structure of content, an interdisciplinary approach, and a high degree of student participation. The content of economic education should include basic economic concepts such as needs, resources, consumption, distribution, demand, supply, money, and banking; the relationship of economics and society; consumer education; and personal economic management. A resource unit is a particularly effective method of teaching economic education because it can integrate basic economic concepts with learning activities and objectives that are appropriate for each grade level. Teacher education and in-service workshops will be more helpful to teachers if they include practical as well as theoretical economic content. The conclusion is that educators should accept the responsibility of helping students become informed on economic issues. (DB)

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ECONOMIC EDUCATION IN THE CURRICULUM

By E. Dale Davis

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The Nature of Economic Education

As the world grows increasingly complex, many Americans are unable to comprehend rapidly changing economic conditions. Many feel that they lack the economic knowledge necessary to make intelligent choices and to participate fully in today's society. Yet, everyone inescapably is a part of the American economic system.

Because schools must play a major role in preparing students to become responsible and productive members of society, it must be determined what is the proper role of economic education in the curriculum.

Guidelines. The major purpose of economic education in the curriculum should be to develop an understanding of both the elements and the dynamics of the American free enterprise system. It should define and describe the elements of capitalism as well as the dynamics of the relationships among consumer, producer, and government. An understanding of the interaction of the elements is one of the key guidelines to relevant and effective economic education.

A second guideline for achieving the major purpose of economic education is a curriculum, commencing in kindergarten and continuing through twelfth grade, that is developmental in nature. A developmental curriculum can be thought of as an upward spiral in which basic concepts are built upon and expanded in each grade. At each level the students enlarge upon their learning experiences from the preceding level, with

the basic concepts serving as a unifying thread. According to the Joint Council on Economic Education, "A single semester's course is useful only to the extent that efforts have been carried on in previous years, permitting the course to be a synthesizer and capstone."[1]

The American free enterprise system. The American free enterprise system emphasizes the fact that individuals are free to participate as they choose. "Capitalism is a form of an economic system in which most of the means of production, the factories, tools, equipment, coal mines, oil wells, railroads and others are owned by private individuals, not the government."[2] The free enterprise system is an expression of individualism, one of the primary elements of American heritage and culture. The expression of self-reliance, self-determination, and independence of thought and action within the system resolves such conflicting ideas as liberty and license, the pursuit of happiness and rights of property, the individual conscience and a democratic society. These issues are resolved through decision-making guided primarily by the interplay of three groups--consumers, producers, and government.

The need for economic education. Research from various sections of society has shown that many Americans lack a basic understanding of economic principles. A recent article in Management Review stated:

> The polls show that less than thirty-four percent of the public has a high regard for business in general--about the same proportion that has a direct stake in the system. A 1975 study shows that the average person believes the typical profit margin is thirty-three percent of sales, a substantially higher figure than the previous estimate of twenty-eight percent derived in 1973. Legislators and regulators are making more incursions into business' ability to fulfill its economic functions because of both their own ignorance and their belief that they can make political hay with an uninformed public.[3]

Traditionally, elementary school students have received little, if any, economic education. Some secondary school students are able to elect a one-semester course in economics. Others have teachers who give help in history and vocational courses. Most, however, need more opportunities to learn the philosophy and principles of the free enterprise system. In 1971 and 1972 the Michigan State Chamber of Commerce sent questionnaires to 25,000 high school seniors to determine what young people knew about private enterprise. Of the more than 5,600 who replied, 60.8 percent felt that their studies in economics in school did not provide them with sufficient understanding to enable them to participate successfully in the American economic system.[4]

Theories of learning. There is a need for economic education, and the methods used to meet that need should be determined within the framework of accepted theories of learning.

> Education in America has been significantly molded by three major currents of thought: behaviorism, cognitive psychology, and humanism. Behaviorists believe, in brief, that learning has taken place when changes in behavior can be observed, when new habits of behavior are shaped by things or events in the environment. Cognitive psychologists believe that learning is an internal process, not necessarily observable, in which information is integrated into the cognitive structure. And humanists stress the involvement of emotion as well as intellect in self-directed learning.[5]

Elements of all three learning theories and their specific techniques can be adapted to individual classroom needs.

Reinforcement, as far as the behaviorists are concerned, is the primary factor in learning. In terms of economic education, reinforcement may be demonstrated by students learning to allocate their allowances to meet their wants and needs. Their ability to live within their budgets is the reinforcement for a job done correctly.

Although cognitive psychology is not represented by one viewpoint, cognitive psychologists, in general, deal with learning in terms of internal organization, or internal structure. Harvard psychologist Jerome Bruner states that grasping the structure of a subject is understanding it in a way that permits many other things to be related to it meaningfully.[6] In terms of the study of economics and the American free enterprise system, the cognitive learning theory would be particularly well suited to explicating the dynamics of the relationships among consumer, producer, and government.

The integrated curriculum. The primary ideas of the three theories of learning suggest that the integrated curriculum best meets the challenge of economic education. When economics is integrated into the curriculum, the students draw upon other fields of study, such as science, arithmetic, social studies, industrial arts, and home arts. Economics carries over to all discipline areas, and there is a fusion of the subject matter. "Integration within the learner is easier when he understands the purpose of an activity, the interrelatedness of subject matter, and how it is related to his need."[7] For example, history and economics go hand-in-hand. Many of the issues which led to the foundation of American government were economic in nature. Political events are often a dramatization of economic problems. Students should learn to relate historical economic issues to their contemporary world. Since economics is intimately a part of all of man's studies, other studies cannot be fully explored if economics is ignored.[8]

A significant example of an integrated curriculum was developed by Lawrence Senesh, professor of economic education at Purdue University.

Imaginative classroom activities that formed the basis for an integrated program for the first six years were devised. Economic theory was introduced through the basic elementary subjects--reading, writing, and arithmetic. The theme of Senesh's program was the universality of work, as people work at different stages of their lives, sometimes for a salary. It is significant to note that Senesh's objective was to teach basic economic concepts and to develop an understanding of the dynamics of the American free enterprise system. Senesh's integrated program demonstrated that it is possible to make economics relevant and enjoyable for students.

Keynes recognized the complex nature of the subject matter of economics, but he also realized that the study of economics does not require any highly specialized talents.[9] Some educators feel that the elementary student of economics, in particular, is exposed to too much information, with the result being that none of it is learned well.[10] Many educators believe that the vast amount of information dealing with economics can be covered only if presented by the lecture method. Often when this method is used, the concepts are presented in theoretical terms, depriving the student of any analytical involvement. "Without meaningful analytical involvement, it is difficult for students to differentiate between abstractions and reality. This confusing state just adds to the student's distaste for the formal study of economics."[11]

Numerous experiments have demonstrated that active learning is more efficient than passive learning.[12] Economics should be taught in a manner that requires a maximum of student involvement. What a student <u>does</u> in school leaves more of an impression on his memory and on his life

than the content of what he studies.[13] When a learner is left out of any subject, then reality is left out also. In economic education a primary assumption should be that the classroom is an area in which students, as well as teachers, should perform.

The Importance to the Individual, to Business, and to Government

John Kenneth Galbraith states in his book, The Age of Uncertainty:

> By wide agreement the most influential economist of this century, John Maynard Keynes, observed that the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economists.[14]

As consumers, producers, and citizens in a free enterprise system, Americans can neither function effectively as economic illiterates nor effectively evaluate the complexities of the rapidly changing dynamics of economic structure that involve international corporations and federal regulatory agencies in the marketplace.

Individuals, businesses, and government all must contend with complex choices and difficult decisions. Without economic education it would be difficult to resolve such issues as the elimination of poverty without placing new burdens on the taxpayer, distribution of income without interference with rewards to individuals and corporate enterprise, protection of the environment with exceptions for energy shortages and job protection.

An individual, through participation in society, falls automatically into the categories of business and government. The three are inextricably related. Economic change is not the result of the decisions of an individual household, of business, or of government, but is the result of the interaction of the decisions of all the parties to the system. The individual, whether worker or proprietor, is a participant in business. He can be a more active participant in the democratic system through informed and intelligent voting. Therefore, economic education in America is important in that it must serve the democratic purpose. Galbraith suggests that education has two requisites:

> Education must seek to develop the needed sense of community--the feeling that at some point, the special interest, even if it is yours must give way to the general interest; that what best serves all best serves you. With this must go a shrewd awareness that those who resist the general interest must themselves be resisted. Second, education must instill the sense of personal security that causes men and women to make a clear and unambiguous commitment to the task at hand or to distinguish between those who do and those who do not.[15]

These sentiments were shared by Stanley J. Goodman, Chairman, May Department Stores Company. He stated:

> We need to lift our eyes from the short-range problems that bedevil us, and see the long-range concern of our people for the quality of life rather than the quantity of goods. As a nation we must integrate social and economic goals, and as business managers we must assume the responsibility to meld social and economic achievement . . . . Now perhaps it is time to say what is good for the people is good for business.[16]

History has demonstrated that social existence is a continuing process; and, as one problem is solved, others emerge, sometimes as a result of earlier solutions. This perpetual process requires ideas, evaluation, and resolution. Consequently, economic education, economic concepts and ideas are important in explaining and interpreting social

behavior. Galbraith notes:

> The ruling ideas of the time are those by which people and governments are guided. Thus, they help to shape history itself. What men believe about the power of the market or the dangers of the state has a bearing on the laws they enact or do not enact, on what they ask of government or entrust to market forces.[17]

In conclusion, economic education is essential to consumer, producer, and citizen for two primary reasons--to resolve the inherent differences between individualism and associationism, that what best serves all best serves the individual; and to teach that the perpetual process of social existence requires economic analysis in explaining and interpreting the "ruling ideas of the time."

The Proper Subject Matter of Economic Education

The content of economic education should cover four main areas: the basic principles or concepts of economics, the relationship of economics and society, consumer education, and personal economic management.

Basic economic concepts. Economic concepts are best learned together; that is, as a total picture. Since the concepts are connected, it is not advisable to isolate them. J. S. Butterweck maintained that one major weakness of an economics curriculum is that one deals with knowledge apart from its functional setting. Dealing in wholes is natural and stimulative, but dealing in parts without some conception of the whole is uninteresting and unnatural.[18] Students should be introduced to the concept of wants and of satisfying wants with limited resources. As they understand this basic principle, other concepts are very logically interjected. Satisfying wants involve the ideas of decision-making, production and

consumption, cost, specialization, distribution, consumption versus savings, demand and supply, and money and barter. In short, the student should see the total picture of how men choose to use scarce or limited productive resources (land, labor, capital goods such as machinery, and technical knowledge) to produce various commodities and to distribute them to various members of society for their consumption.[19]

Also included should be a comparative study of economics. Students should see that variations of the universal principles will account for differing economic and political ideologies.

The relationship of economics and society. The student should recognize the complexity of society and understand the relationship between economics and the problems of society. The problems include the energy crisis, inflation, poverty, environmental concerns, crime, international trade, taxation, racism, big business, and powerful labor unions.[20]

Many of these problems; for example, inflation, are keenly felt by even the youngest students. What child has not felt the pinch of inflation with the rise of the five-cent piece of candy to 25 cents? More advanced students might confront the following questions: What is the purpose of an economic system? Can or should it be manipulated? Does manipulation in favor of solving one problem result in a greater problem in another area of concern?

It is important to understand the analytical base of economics and its application to the issues to insure more rational thinking. Discussions of the problems of society can be shaped around fundamental economic questions: What will be produced? How much will be produced? By what methods and by whom will this production be accomplished? How will it be divided among groups and individuals of society?

Consumer education. "Consumer education is a practical way to have students understand their complete role as consumers, producers, and voters. It affords them the opportunity to identify with the economic and political processes."[21] The objectives of consumer education can be applied to all levels of study. Money-management skills, such as spending, borrowing, saving, and investing, are necessary for today's consumer. Certainly, even the young child who manages a seventy-five-cent-a-week allowance faces decisions similar, although on a lower level, to the high school student who may have a larger amount of money at his disposal from a part-time job.

The student/consumer needs to understand the relationships among consumers, producers, government, and foreign trade. Everyone uses numerous products daily that are foreign made. The students might know of local or national factories that were closed because they were unable to compete with foreign-made products. In this way the student could also recognize the multi-national aspect of many large corporations and the American economy.

Personal economic management. The content of economic education should provide for the application of the concepts to the students' personal economic management. The students should acquire the appropriate skills for this purpose, whether learning to count money, applying for a loan, or preparing tax forms. Personal economic management goes beyond just "skills of the marketplace." It should include the totality of how an individual utilizes his own personal resources, talents, and skills.[22] This is the purpose of career education. Younger children might be introduced to many kinds of jobs. The older student should receive

information and guidance in career selection. It is, after all, the underlying purpose of economic education to help the students to acquire the skills, concepts, and understandings necessary for everyday living. Economics exceeds the recognition of concepts; application is also important.

Most importantly, economic education should provide a tool for applying basic concepts to any system. It should provide a way of thinking about a changing world. The purpose of economic education should be to teach children how to think, not what to think. The student should not only gain an understanding of the existing economic system, but also be able to examine the potential for growth and change within the system.[23]

Effective Methods for Teaching Economics

Teachers tend to throw up their hands in despair with the mention of any additional subject matter, complaining that there are not enough hours in the day to include one more thing. However, when economics is integrated into the other subject areas, it need not compete for the student's time.

It must be remembered that the degree of complexity of economics can be controlled so that the basic concepts are presented in a way that is relevant to the student. The content of economic education should be related to the level of his development and involvement in the economic system. In The Process of Education, Jerome Bruner writes, "The task of teaching a subject to a child at any particular age is one of representing the structure of that subject in terms of the child's way of viewing things."[24] The teacher should help the students use the

economic concepts to solve everyday economic questions with which they are confronted.

> There are many opportunities for building economic understanding from the time the child enters first grade until he graduates from high school. Interesting experiments now under way suggest that such simple notions as division of labor, prices, exchange in markets, and even profit can be grasped by elementary school children if they are built into carefully planned teaching materials and methods. Inescapably, children are exposed to such ideas in their day-to-day lives. The elementary grades provide an opportunity to clarify them, and to relate them to daily problems of family living, especially in the social studies courses children take from the early grades.[25]

Teachers need to learn to exploit learning opportunities. They must understand that even young children have daily economic experiences and that they can focus on classroom events to form the basis for an economic lesson. Even the school lunchroom might provide the basis for a lesson for elementary children. One approach to motivating older students is to involve them in a study of a current issue. The teacher should select a controversial issue to which there is no obvious answer. Basic economic principles should be applicable to the meaning and implications of the problem. Most importantly, the issue should be of immediate concern to the students or to the community.[26] That final criterion gives it the necessary relevancy.

The resource unit. A resource unit would best fulfill the goals of student involvement and of integration into the total curriculum. The resource unit can be utilized in all school subjects. It provides meaningful situations and reality as the framework for problem solving. The unit method provides student-centered activities in which learning is most successfully accomplished.

This resource unit in economics is constructed within the framework of the four basic economic concepts--resources, production, distribution, and consumption. The concepts are expanded at each grade level. The specific objectives are listed in terms of what the students will be able to do at the end of the unit and what knowledge they will have acquired. It will provide the teacher with suggestions as to how the objectives for each grade level may be accomplished. Teachers may choose from the suggested activities those which best suit the needs of the students and which will integrate with the total curriculum. Teachers are free to vary the pace. In addition, a bibliography is provided with the unit from which teachers can draw additional resources. It is suggested that they follow a three-stage sequence in guiding the students to accomplish the objectives: they should provide the experience, the debriefing or discussion of the experience, and the reinforcement of the principles learned.

Teacher preparation. Of supreme importance in economic education is the preparation of the teachers and their understanding of the economic concepts. They are often ill-prepared to teach economics because they do not understand the economic concepts themselves. In-service programs that aim to equip teachers with both theoretical and practical economic education should be provided. Such training would facilitate the teaching of economics in the classroom. A study by Steve W. Wood, "Effect of Content and Teacher on Student Economic Knowledge and Attitude," indicates that the most important factor is the teacher.[27] Wood found that a well trained teacher with limited equipment and resources can have greater success in teaching economics than an ineffective one with

quality equipment and materials.

Teachers are often categorized with those who are disenchanted with the present economic system. It is believed that this disenchantment stems partly from a lack of economic knowledge. There is a positive correlation between the extent of economic information adults have and their attitudes, and this correlation holds for teenagers as well. Those with greater economic knowledge tend to look more favorable on the performance of the economic system and of business.[28] Teacher training programs in economics that are open, honest, and credible would go a long way toward improving economic education in kindergarten through twelfth grade.

Conclusion

Because the need for economic education in America has been documented by numerous research efforts, schools must now accept their part of the responsibility for preparing students to function at their highest potential in the free enterprise system. All people are a part of the economic system by virtue of their roles as consumers, producers, and citizens, and there is an increasing need for everyone to be intelligent and informed on economic issues.

A developmental curriculum beginning in kindergarten and continuing through twelfth grade, which can be integrated into the other subject areas of the classroom, would best suit the needs of students. The economics curriculum should be student-centered, with the degree of complexity related to his level of development and involvement in the economic system. The resource unit meets these criteria and conforms to the primary ideas of the three major theories of learning--behavioral,

cognitive, and humanistic. The resource unit is built around the four main economic concepts--resources, production, distribution, and consumption. The sub-concepts are expanded and increased at each level. The current is shaped to include basic concepts, the relationship of economics and society, consumer education, and personal economic management. Teacher preparation and understanding of economic concepts are important to the success of economic education. In conclusion, continued success of the free enterprise system is dependent, in large part, on the economic literacy of the people of the United States, and this literacy or illiteracy will be the result of the way in which schools meet the challenge of economic education.

FOOTNOTES

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